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AN APPEAL

THE expansion of the vitally important work which the Bureau is doing in preparation for the advent of a Socialist Government to power in this country has taken place steadily since the first publication of this *Quarterly Journal* a year ago. During that period we have published three books (*Studies in Capital and Investment*, *Parliamentary Reform* and *The Socialization of the Electrical Supply Industry*) and six pamphlets, all of which have dealt with questions with which the Labour Movement will have to deal when it has a majority in Parliament. In addition to the published work many memoranda have been prepared which are either of a confidential nature or not sufficiently popular in character for publication. Much of this work is particularly valuable and is available for the use of members at the office.

At the present time we have a large volume of work in progress. Much of the most useful of this, such as socialization studies for some of the major

industries, is nearing completion. During the past year our membership has doubled and there has been a steady rise in the sale of our publications. These facts suggest that keen Socialists appreciate the work which the Bureau is doing. Our membership and sales, however, are still far too small to bring us the resources which are necessary if we are to carry on and develop our activities. This cannot be done unless we increase our funds, our membership and our sales. Those who appreciate our work are asked to join the Bureau if they have not already done so. If they are already members they are asked to increase their own subscriptions and persuade their friends to become members and to see that their local book-sellers stock our publications.

If you know of anyone who is, or might be, interested in the Bureau's work and is not a member, please send his or her name and address to JOHN PARKER, General Secretary, 17, John Street, W.C.1.

DIARY

PRINCIPAL EVENTS

December 1934—February 1935

- December 1 *Bolivia*—Coalition government set up to carry on war.
Egypt—Constitution abrogated, absolute power given to King and ministers.
- 2-3 France and Italy refuse to join with Japan in denouncing the Washington Treaty.
- 3 France and Germany sign agreement concerning the Saar, including the price to be paid by Germany for the mines.
- 5 *League*—The need for an international force to police the Saar during the plebiscite recognized at Geneva.
- 6 *Yugoslavia*—Continued expulsion of Hungarians. Anglo-Polish coal agreement reached. Franco-Soviet agreement announced that neither would enter into a bilateral agreement without consulting the other.
- 7 *League*—Commencement of hearing of Yugoslav complaint against Hungary.
Abyssinia—Italy demands satisfaction for attack on Italian forces on border of Italian Somaliland.
- 8 *Italy*—Foreign credit control announced.
- 9 Franco-Soviet Trade Agreement signed.
- 10 *League*—Resolution agreed upon to end Yugoslav-Hungarian dispute.
- 11 *Great Britain*—New Unemployment Assistance Scale announced.
War Debts—Great Britain not to pay instalment to the United States.
- 15 *League*—Abyssinia brings her dispute with Italy before the League Council.
- 16 *Austrian-Hungarian Talks*—Announcement of Hungarian support of Austrian independence.
League—Italian answer received to Abyssinian note.
- 18 *Yugoslavia*—Prime Minister, M. Ouzounovitch, and his Cabinet resign.
Bulgaria—New constitution providing for Corporative State.
- 19 Naval talks between Great Britain, Japan and the United States adjourned indefinitely.
- 21 *Yugoslavia*—M. Yevlitch, former Foreign Minister, forms Cabinet.
Anglo-Polish coal agreement ratified by British and Polish owners.
- 28 *Turkish Government*—Payments of pre-war debts to Great Britain finished.
- 29 Japan denounces Washington Treaty.
- January 2 German-South African Trade Agreement concluded.
- 3 M. Laval leaves Paris for Rome.
Anglo-Irish arrangement concerning imports of coal and cattle announced.
Germany—Conclave of Nazi leaders in Berlin.
- 7 French-Italian Treaty signed in Rome.
- 9 Trade Agreement signed between Great Britain and India.
- 13 *Saar Plebiscite*—Polling day.
- 15 Result of Saar plebiscite published :—
In favour of reunion with Germany... 477,119
" " status quo ... 46,513
" " union with France ... 2,124
- 16 *Great Britain*—Government Housing Bill published.
League—Abyssinia appeals against Italy.
- 17 *Saar*—League fixes date for transfer to Germany.
- 21 *Great Britain*—Government Housing Bill issued.
- 22 *Bulgaria*—Cabinet changes. Colonel Gheorghieff, Prime Minister, resigns.
- 23 Negotiations for sale of C.E.R. by Russia to Japan successfully concluded.
- 24 *Great Britain*—Report on Agricultural Unemployment Insurance issued.
Italy—New Cabinet appointed.
- 25 *Great Britain*—Text of Government of India Bill issued.
- 28 German-Irish Trade Agreement signed.
- 29 United States Senate votes against the United States adherence to the World Court.
- February 1 Anglo-French conversations open in London.
- 2 *U.S.A.-Brazil*—Reciprocal Tariff Agreement announced.
Italian-Austrian cultural agreement signed.
- 3 Anglo-French Agreement announced.
Chinese-Japanese conversations proceeding at Nanking.
- 5 *Great Britain*—Relief regulations suspended.
- 6 *Yugoslavia*—Dissolution of Skupshtina (Parliament) and an election on May 5th ordered by Royal decree.
- 11 *Italian-Abyssinian Dispute*—Mobilization of Italian troops for Italian Somaliland announced.
- 18 Irish-Belgian Trade Treaty concluded.
U.S.A.—Supreme Court decision on the Gold Clause upholds Roosevelt.
Great Britain—Composition of Commission of Arms Inquiry announced.
- 20 British-Polish Trade Pact initialled.
- 21 Austrian Ministers visit Paris.
- 24 Austrian Ministers visit London.
League—Paraguay gives notice of intention of withdrawal.
- 25 *Great Britain*—Proposed visit of Sir John Simon to Berlin announced.

BRITISH AND WORLD TRADE AND PRODUCTION

Table 1 General Index Numbers of Industrial Production

		Average	FOURTH QUARTER OF YEAR			
		1927-9	1931	1932	1933	1934
Britain ...	...	100	87.8	85.2	95.6	105.4
U.S.A. ...	...	100	65.5	58.7	66.4	67.5
Germany ...	...	100	65.4	61.5	73.2	85.7
France ...	...	100	91.2	77.1	85.4	74.7
Japan ...	...	100	107.9	116.9	136.5	145.3
Sweden ...	...	100	93.0	86.0	96.3	112.3

Table 2 Textile Production

Britain ...	...	100	91.7	86.2	97.3	94.7
U.S.A. ...	...	100	80.6	84.1	80.5	79.6
Germany ...	...	100	88.0	87.4	95.7	93.5
France ...	...	100	65.6	73.9	81.4	61.8
Japan ...	...	100	104.5	110.2	127.9	142.3

Table 3 Engineering Activity

Britain ...	...	100	85.5	82.1	88.1	96.8
Germany ...	...	100	54.9	40.3	49.6	68.8
France ...	...	100	90.5	69.2	80.5	72.0

Table 4 Building

Britain ...	...	100	80.7	114.2	127.7	140.6
U.S.A. ...	...	100	32.8	22.0	39.8	22.8
Germany ...	...	100	57.1	36.9	49.8	78.2*

* Figure calculated on old basis and liable to revision.

Table 5 Retail Sales

	(Base 1929)				
Britain					
Food ...	100	91.1	90.2	91.1	93.7
All other goods	100	88.3	88.8	93.0	95.8
U.S.A.					
Dept. Stores...	100	75.0	57.6	62.5	67.6
Germany	100	72.6	61.9	60.1	66.6

Table 6 Foreign Trade—Retained Imports (£ sterling millions)

		Average	FOURTH QUARTER OF YEAR			
		1928-9	1931	1932	1933	1934
Britain ...	...	273	225	171	176	185
U.S.A. ...	...	216	129	94	83	84
Germany ...	...	168	93	87	80	89
France ...	...	112	95	90	83	72
Japan ...	...	51	33	24	33	35
World ...	...	1654	1153	989	953	1018

Table 7 Foreign Trade—Exports (£ sterling millions)

Britain ...	...	182	97	94	99	107
U.S.A. ...	...	262	157	125	114	114
Germany ...	...	155	148	104	94	87
France ...	...	103	75	61	60	63
Japan ...	...	48	32	30	27	35
World ...	...	1513	1076	950	927	960

Industrial production continues to increase in Britain, Germany, Japan and Sweden. Among the smaller industrial countries, Denmark, Norway, Italy and Canada show increases. In Britain, Japan and the Scandinavian countries production is now at a higher level than has ever been before recorded. This is probably also the case in Russia, but they no longer publish any figures of general industrial production.

Germany continues to make rapid progress in pro-

duction and employment, but the figures for consumption given below show a much smaller increase. The figures for France show a very serious decline throughout most of the past year, and that country has now fallen back to a level below the worst point of the slump. The smaller European countries still adhering to the gold standard—Holland, Belgium and Poland—are also industrially stagnant.

The volume of British industrial output is now 1½ per cent. above that of the year 1929. It is being produced by 5,961,000 factory and mine workers in work, as against 6,390,000 in 1929. Since that date the adult population has increased by 880,000. Unemployment is some 700,000 higher, there having been a considerable increase in the employment of non-industrial (distributive trades, etc.) workers.

The British figures show an increase in the average output per worker of 12 per cent. during the last two years. (During the slump from 1929-32 average output per worker ceased to rise.) There has been no appreciable increase in wages or reduction of the price at which the products of industry are sold, so the result of this improving productivity has been a large increase in profits.

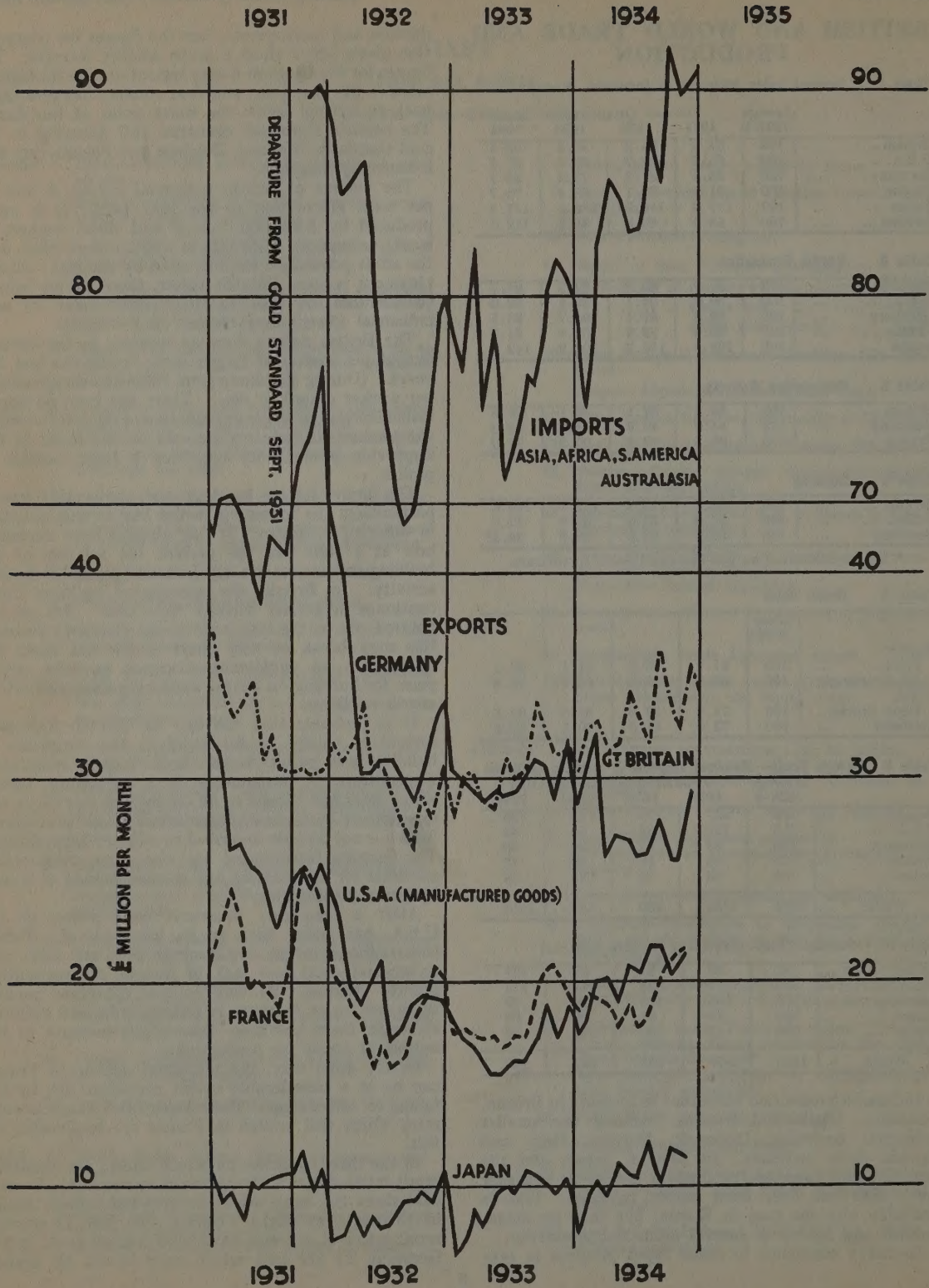
The figures for the building and engineering trades, particularly the former, give the key to this situation in different countries. It has already been explained how at a time like the present the activity of the building industry is the key factor in general industrial activity. In Britain the speculative building boom continues in greater activity than ever. But as was pointed out in the last issue of the *Quarterly Journal*, this may break at very short notice and leave the country in an unpleasant economic position, unless plans for building on a large scale by public authorities are in readiness.

It is probable that the key to German industrial revival is chiefly to be found in the expansion of building and public works, both largely subsidized. Expenditure on armaments is a subsidiary factor, which does not appear to be on so high a level as the expenditure on Germany's remarkable road programme (which is not directly described as military expenditure). The German Government has also given considerable subsidies for the building and re-conditioning of houses by private enterprise.

After a temporary recovery, construction in the U.S.A. has fallen back to its lowest level. Public constructional works are hanging fire, and high constructional costs and lack of finance are preventing private building. So long as this condition persists there can be no recovery in general industrial activity, although there has been some slight increase in the output of goods for consumption.

In the same way, the industrial decline in France can be to a considerable extent accounted for by the falling off of building. The comparatively high interest rates which still prevail in France are responsible for this.

In the three countries for which figures are available, retail trade shows a slow upward movement. In each case there has been some rise in retail prices, though in Britain very slight. During the past 12 months retail prices in America have risen 3.8 per cent. and in Germany 2.1 per cent. which must be set off against



the reported rises in retail sales. The figures for America are for Department Stores only. The figure would be slightly raised by the inclusion of chain stores and fixed price stores.

Tables 6 and 7 show a slight improvement in world trade measured in sterling, a continued decline measured in gold. But by now it is certainly true to say that gold has become a rare commodity rather than an ordinary unit of account. What these tables do not show is the recovery in demand on the part of the four developing continents—Asia, Africa, Australasia and South America. It has been pointed out before that these continents are doing an increasing share of world trade and have an increasing share of the world's population. In the diagram opposite are shown the imports of these continents and also the exports of industrial goods of the five principal manufacturing countries. The improving demand from the developing continents has clearly been responsible for the improvement in British exports for the last two years. But the depreciation of the currency is an important contributory factor, and it will be seen that American exports are now beginning to rise steadily under the influence of the depreciated dollar. In the case of the British, German and American figures, allowance has been made for seasonal variations.

COLIN CLARK

WHOLESALE PRICES AND COST OF LIVING

Table 8 Food

	Average 1927-29	FOURTH QUARTER OF YEAR			
		1931	1932	1933	1934
Britain : Sterling	100	75.8	70.8	69.1	71.7
U.S.A. (Farm Produce) :					
Dollar	100	71.6	60.3	64.2	82.6
Germany (Farm Produce)	100	72.5	64.6	69.8	75.6
(Imported)	100	72.0	63.3	56.5	61.0
France ...	100	78.8	74.1	69.9	61.8

Table 9 Raw and Semi-Manufactured Goods

Britain : Sterling	100	72.9	60.9	63.7	62.6
U.S.A. (Raw Materials) :					
Dollar	100	62.3	54.7	63.1	73.6
do. (Semi-Manf.)	100	66.0	60.3	72.8	71.8
Germany ...	100	74.0	66.0	67.0	69.3
France ...	100	57.2	53.0	54.8	50.6

Table 10 Manufactured Goods

Britain (Index of Export Prices) :					
Sterling	100	81.0	77.6	77.7	76.9
U.S.A. : Dollar	100	77.2	71.8	78.0	82.4
Germany : (Production Goods)	100	95.6	86.2	84.2	84.3
do. (Consumption Goods)	100	79.9	67.0	67.3	72.0
Total ...	100	85.3	74.0	73.3	76.4

Table 11 Cost of Living

Britain ...	100	88.9	86.0	85.7	86.4
U.S.A. ...	100	83.1	74.9	77.0	79.9
Germany ...	100	87.0	78.0	80.1	81.5
France ...	100	101.8	97.4	99.2	94.9

Both the Economist and Board of Trade general indices record a slight rise (about 2%) in wholesale prices in the United Kingdom during the year 1934. As can be seen from Tables 8-10, however, the rise is due essentially to dearer food, for the prices of raw materials and manufactures have been on the decline. For this differential movement it seems likely that Mr Elliot is largely responsible: cereals and meat having risen most. The cost of living remains, nevertheless, remarkably steady. While the purchasing power of the pound has only undergone slight changes, American and French prices continue, as one would expect, to move in opposite directions. Since the end of 1934, however, doubtless under the influence of M. Flandin's expansionist policy, the fall in French prices seems, for the time being at any rate, to have been arrested. It is interesting to speculate how the domestic values of the dollar and franc have progressed towards equilibrium. Between the end of January, 1932, and the end of January, 1935, American prices rose by 26.5% (Fisher Index) and French prices fell by 15.5% (Statistique Générale). This corresponds to a gold content of 66.8% for the new dollar. The actual devaluation was to 59.06%. Hence, on paper, French prices have still to fall by about 13% from their present level, or else American prices must rise by a rather larger percentage. On the other hand the franc has been remarkably firm in New York, so that the gap may be accounted for by French import restrictions. In Germany the gradual rise in prices continues behind the exchange restrictions, the most noticeable figure being a rise of over 2% in Farm Products between the third and fourth quarters of 1934. The cost of living likewise rose by a further one per cent. compared with the preceding quarter. It is wonderful what exchange restrictions will accomplish.

H. BARGER

MONEY AND DEBTS

Table 12 Bank Rate (%)

	Average 1927-9	FOURTH QUARTER OF YEAR			
		1931	1932	1933	1934
Britain ...	4.89	6.0	2.0	2.0	2.0
U.S.A. ...	4.48	3.5	2.5	2.0	1.5
Germany ...	6.64	8.0	4.0	4.0	4.0
France ...	4.09	2.5	2.5	2.5	2.5
Sweden ...	4.30	6.0	3.5	2.8	2.5

Table 13 Exchange Depreciation (%)

Britain ...	Nil	24.9	31.8	34.0	39.5
U.S.A. ...	Nil	Nil	Nil	35.8	40.7(1)
Japan ...	Nil	5.0	56.9	61.6	65.7

Table 14 Bank Deposits—Current

Britain (£ mil.)	989.0	853.0	943.0	993.0	993.0
U.S.A. (\$ md.)...	19.72	16.40	14.84	14.39	18.21(2)
Germany (Rm. md.) ...	4.40	4.11(3)	3.65(3)	3.28(3)	3.46(3)
France (Fr. md.)...	31.71	37.00	36.65	32.22	30.46(3)

Table 15 Bank Deposits—Time

Britain (£ mil.)	786.0	821.0	941.0	907.0	898.0
U.S.A. (\$ md.)...	13.10	11.86	10.58	9.11	9.83(2)
Germany (Rm. md.) ...	7.27	4.05(3)	4.14(3)	3.84(3)	3.89(3)
France (Fr. md.)...	0.83	1.31	1.31	0.92	.93(3)

Table 16 Value of Stock Exchange Securities

	Average 1927-9	FOURTH QUARTER OF YEAR			
		1931	1932	1933	1934
Britain ...	100	64.4	67.2	84.3	96.5
U.S.A. ...	100	40.3	29.8	50.1	51.3
Germany ...	100	No Returns	43.0	47.8	60.9
France ...	100	57.8	58.9	56.3	39.9
Japan ...	100(4)	70.2	130.3	209.0	204.0
Sweden ...	100	52.5	38.4	41.2	52.0

(4) January, 1930=100.

Table 17 Interest Rate on Government Bonds (%)

Britain (2½% Consols)	4.54	4.55	3.38	3.37	2.88
U.S.A. (Treasury Bonds)	3.54	3.77	3.52	3.40	—
Germany (Reichsbank Index) ...	7.84	11.66	8.05	—	—
France (3% Rentes)	4.59	3.67	3.83	4.53	—
Sweden (7 securities)	4.58	4.66	4.03	3.77	—

NOTES: (1) The new parity represents a depreciation of 40.9 per cent of the old parity. (2) October only; November and December figures not available. (3) Average of October and November; December figures not available.

The pound seems more heavily undervalued than ever. Both French and British prices remain steady. The former (Statistique Générale) have fallen 21.4 per cent, and the latter (Economist) have risen 9.9 per cent since September, 1931. This corresponds to an equilibrium depreciation for sterling of only 28.5 per cent, though such a calculation takes no account of French import restrictions. Since the year-end the pound has fallen further than the above table indicates: at 71.5 francs (March 5th) its actual depreciation measures 42.4 per cent. Its depreciation is now greater than that of the dollar, and the American exchange has naturally declined below the old parity. American prices continue their gentle upward tendency, and the undervaluation of the dollar against the franc is slowly disappearing. The French economic situation is worse than ever, while recovery elsewhere waits upon the revival of international trade. For the last quarter of 1934 Bank Deposits show a recovery over the preceding quarter, and are now back to the level of a year ago (Tables 14 and 15). Bank Clearings also show a slight improvement, the Provincial figures for the four fourth quarters, 1931 to 1934, being £308, £311, £320 and £339 millions. Advances are practically unchanged from the preceding quarter, the figures for the clearing banks being (for the last four fourth quarters) £890, £772, £727 and £742 millions.

The international debt situation shows some signs of taking a turn for the better. As regards League loans, Austria, Danzig and Estonia are meeting their obligations in full. Hungary and Bulgaria are still in partial default, but both have recently increased the fraction of the full service which they are transferring. Greece is still in total default, but, while negotiations are proceeding, it can hardly be said that recent events have improved the prospects of her bondholders. An offer has been made by Chile (long in default), but so far it has not been accepted.

H. BARGER

EMPLOYMENT AND WAGES

Table 18 Unemployment

	NOS. OF REGISTERED UNEMPLOYED (000)			PERCENTAGE UNEMPLOYED		
	Average 1929	Average 1933	4th Qtr 1934	Average 1929	Average 1933	4th Qtr 1934
Gt. Britain ...	1,262	2,302	2,109	10.4	17.9	16.3
Germany ...	1,915	3,839	2,408	(18.7)	22.0*	—
France (partial)	10	298	417	—	—	—
U.S.A. (estd) ..	3,000	10,700	10,670 (Oct)	8.3†	22.5†	21.3‡

* Labour Front figure, excluding part-time unemployment, not comparable with 1929.

† T.U. weighted percentage.

‡ Provisional.

Table 18a Unemployment Changes between November, 1933, and November, 1934, in numbers of registered unemployed.

	Number Registered as Unemployed		Percentage in Unemploy- ment	Change in Employ- ment Index
	Nov 1933	Nov 1934		
Decreases.	thous	sands		
Finland ...	20	10	-50	—
Germany ...	3,715	2,353	-37	+11.0
Roumania ...	20	13	-37	—
Australia ...	105	87	-17	—
Bulgaria ...	28	23	-16	—
Japan (July—July)...	414	368	-11	+12.0
Hungary ...	61	54	-11	+ 7.0
Italy ...	1,066	962	-10	+ 3.0
Great Britain ...	2,309	2,122	- 8	+ 2.5
New Zealand ...	50	46	- 8	—
Sweden ...	88	81	- 8	+ 2.5
U.S.A. ...	(22.8%)	(21.4%)	- 6	+ 1.0
Austria ...	383	364	- 5	—
Switzerland ...	(16.7%)	(16.0%)	- 4	—
Czechoslovakia ...	691	669	- 3	+ 3.0
Norway ...	39	39	± 0	—
Canada ...	94	94	± 0	+ 8.0
Spain ...	604	611	+ 1	—
Yugoslavia ...	11.4	11.7	+ 3	—
Denmark ...	100	104	+ 4	—
Holland ...	329	365	+11	—
Belgium ...	305	344	+13	—
Poland ...	265	329	+24	+ 9.0
France ...	287	417	+45	- 5.0
Irish Free State ...	72	124	+72	—

Except in the countries belonging to the gold bloc, unemployment somewhat decreased and employment somewhat improved in 1934. I have given for a number of countries a special table showing the changes between November, 1933, and November, 1934, in both unemployment and employment, as far as figures are available. November has been given rather than December partly because figures for December are not yet available for all countries, and partly because December is apt to be an abnormal month. Of the major countries Germany shows by far the largest fall in registered unemployment; but, for reasons explained in previous articles, the index of employment is a more reliable indicator of the real movement. Even so Germany shows a larger expansion of employment than any country except Japan. This expansion is mainly due to public works and to activity in the capital industries financed by tax remissions. The increase in output has been mainly in producers' goods, as is shown by the relative movements of the production indices for pro-

Table 19 Employment Indices (1929=100)

	YEARLY AVERAGES.		FOURTH QUARTER	
	1933	1934	1933	1934
Gt. Britain ...	94.8	99.2	97.5	100.0
Germany ...	73.9	85.8	78.3	87.0
France (1930=100) ...	79.1	76.7	79.3	75.4
U.S.A. ...	65.8	75.4*	73.2	74.2*

* Provisional.

Table 20 Money and Real Wages (1929=100)

	MONEY WAGES.		REAL WAGES.	
	1933 Average	1934 End of year	1933 Average	1934 End of year
Gt. Britain (all trades, weekly rates) ...	95	96*	112	111*
Germany (all trades, hourly rates) ...	79	79*	104	100*
Belgium (all trades, hourly earnings) ...	90	84* (Sept)	109	109* (Sept)
Italy (all trades, hourly earnings) ...	84	81 (Sept)	106	110 (Sept)
U.S.A. (industries, hourly earnings) ...	83	101*	111	125*
U.S.A. (industries, weekly earnings) ...	62	73*	83	90*
Japan (Imp. Cabinet, daily earnings) ...	91	90 (Sept)	96†	90† (Sept)
Japan (Bank of Japan, daily earnings) ...	86	87 (Sept)	99†	95† (Sept)

* Provisional.

† 1932=100.

ducers' and consumers' goods. There is undoubtedly a large volume of invisible (*i.e.*, unregistered) unemployment in Germany. Italy has also managed to expand employment largely through public works and monetary policy, which have involved control of imports and foreign exchange. In Great Britain and the sterling area, unemployment has fallen a little, and there has been some expansion in employment; and there has been a similar improvement in most of the countries of Central and Eastern Europe. In the gold bloc countries, on the other hand, employment has definitely got worse, especially in France, where there has been a very large addition to the numbers registered as out of work, and a much smaller fall in the volume of employment. The Irish Free State, largely because of the quarrel with Great Britain, shows the heaviest increase in unemployment of any country.

In Great Britain, employment in the fourth quarter of 1934 regained the 1929 level; but this left many more workers unemployed owing to the increase in the numbers seeking work. There was a much more than seasonal increase in unemployment in January, 1935, partly on account of the large number of school-leavers entering industry, but also partly because of a setback to expansion which was nearly general over the major industries. It is not possible to draw very definite conclusions from a single month's figures; but the February figures show only a very small recovery, and help to confirm the view that the expansive movement of 1934 has for the time reached its limits.

In the United States, there was a definite recession in employment in the latter part of 1934, and the index (1924=100) fell from 78.6 in May to 73.3 in November. The index of factory pay-rolls fell, over the same period, from 61.5 to 54.5. Since then there has been some improvement, but not enough to make any serious impression on the volume of unemployment, which remains practically as large as a year ago. As I write, the President's large schemes for "work-relief" in preference to "doles" are held up by the dispute with the Senate and the American Federation of Labour over the wages to be paid to workers under the scheme. The President wished to take on such labour at less than Trade Union rates, whereas the A.F. of L. pressed for a guarantee that standard rates will be paid, and the Senate accepted an amendment to the Bill prescribing this condition. The President is resisting the amendment, on the ground that there will be danger of public works competing with private enterprise unless the pay given is less than the standard rates for ordinary employment; and the Senate is likely to give way.

In Great Britain, there has been a successful revolt against the new conditions of benefit laid down by the Unemployment Assistance Board. This has compelled the Government temporarily to reinstate the old scales of benefit, and to order a full enquiry into the new scales, which have been withdrawn. This dispute has delayed the taking over by the Board from the local authorities of responsibility for the uninsured unemployed, and has involved a grant to the local authorities to meet the extra expense which they will have to incur.

Money wages rose during 1934 in the United States, and also increased in purchasing power. In Great Britain and Japan they remained nearly stationary. Real wages in Great Britain also remained almost unchanged; but in Japan real wages fell. In Germany, wage-rates remained nominally unchanged, but their purchasing power decreased. In Belgium hourly earnings fell about in proportion to prices, but real wage-incomes were affected by the growth of unemployment and short time. In Italy money wages were reduced; but real wages rose a little, until the import restrictions imposed at the end of 1934 began to affect the cost of living. There are no figures available for France; but in Holland as well as Belgium wage-cuts were enforced in the course of the effort to reduce costs in order to remain on the gold standard.

The February *International Labour Review* (I.L.O.) publishes certain figures showing the average number of hours actually worked by operatives in a number of countries. The data are not easy to summarise; but, very broadly, the average *actual* weekly hours in 1934 seem to be as follows:—Italy 46, Poland 42, Sweden 40½, U.S.A. 35. Hours per day work out at 9.8 in Japan, 8.6 in Hungary, and 7.4 in Germany. Figures are also given for certain countries showing the percentages of workers actually working (a) less than 40 hours a week, (b) between 40 and 48 hours, and (c) 48 hours or more. These figures are as follows: Germany (a) 11.9, (b) 36.6, (c) 51.5; France (a) 14.4, (b) 31.7, (c) 53.9; Italy (a) and (b) 31.7, (c) 68.3.

G. D. H. COLE

TARIFFS AND TRADE AGREEMENTS

Runciman can claim credit for concluding important trade agreements with Poland, the Irish Free State and India during the last quarter. Long negotiations were necessary to persuade the Polish government to make any considerable tariff reductions, the most important of which were on motor cars, machinery, chemicals, herrings and semi-manufactured goods, and to promise not to submit British imports to any special taxation so long as Poland had a favourable balance of trade with Great Britain. In return Great Britain undertook to impose no quantitative restrictions on Polish goods save under the agricultural marketing schemes. Under these last there was to be no unfair discrimination against Polish imports; Poland was guaranteed a minimum bacon quota of 41.4% of her 1932 exports to Great Britain and a minimum egg quota of 13.5% of the total British egg imports in any year. There was to be an equitable division of trade between the shipping of the two countries, and Great Britain was to be allowed a share in the emigration traffic from Poland when it should start again. This general trade agreement with Poland followed the conclusion of an Anglo-Polish coal agreement which put an end to the coal war between the two countries. British exports to America and Ireland and Polish exports overland were excluded from the agreement; the remaining Polish exports were to be 21% of the remaining British exports. No limit was placed on British exports, but "an appropriate relationship was to be maintained between the export prices of coal from the two countries". In this way Runciman hoped to prevent undercutting by Polish coal in Scandinavian and Mediterranean markets.

The Anglo-Irish agreement marked the first attempt to end the economic deadlock between the two countries. The Irish government agreed to regulate coal imports by quota. For the first six months, from February 1st, 1935, the quota was fixed at 1,100,000 tons, of which Great Britain was allotted 1,099,000 tons. In return for this concession the quota for Irish cattle exported to Great Britain was to be doubled. No reduction, however, was to be made in the special duties levied on Irish imports to Great Britain in lieu of the land annuities. This agreement should benefit the S. Wales, Cumberland and West Scotland districts which gained least from the earlier trade agreements. They will certainly need this assistance as they have been seriously hit by the recent cut in Italian coal imports.

The agreement with India was intended to supplement the Ottawa agreement as it was not possible to deal with Indian protective duties at Ottawa. It contained, however, little that was definitely new. The government of India undertook that "the measure of protection shall be only so much as will equate prices of imported goods to fair selling prices for similar goods produced in India, and that wherever possible, having regard to the provisions of this article, lower rates of duty will be imposed on goods of U.K. origin". Indian pig iron was to continue to enter Great Britain duty free so long as duties remained at their present level on British iron and steel goods entering India. Advantages to British trade secured by these agreements was largely offset by the growth of obstacles in the way of trade with other countries, especially those with Italy.

The operation of the Ottawa agreements has continued to create difficulties with Canada and Australia. Evidence given before the Price Spreads Commission in Canada has shown that a steady decline in the import of British cotton goods was accompanied by a decline in domestic production, a severe rise in prices and a large increase in shareholders' dividends. The woollen, silk and rayon industries have had a similar history. The refusal of the Bennett government to give any substantial return for the British concessions on Canadian cattle, timber, wheat, fresh fruits and metal imported into the United Kingdom has aroused misgivings in Canada lest Canada should lose these privileges when the Ottawa agreement comes up for revision. This fear may have a considerable influence on the forthcoming election.

The Australian government has made a number of concessions to Lancashire and has agreed to postpone the introduction of the new duties on cotton goods to give time for the hearing of Lancashire's case before the Tariff Board. Elliot's proposals for a restriction of meat imports from the Dominions produced fierce opposition. Finally, however, the Australian government agreed to the imposition of a temporary levy on all fresh, frozen and chilled meat and live animals imported into the United Kingdom provided no restriction was imposed on the quantity of meat imported from the Dominions. Discussions are to take place after the Royal Jubilee to try and reach agreement on a long term meat policy. The Australian delegation are to press for the withdrawal of the provision in the Argentine agreement by which no limitation is to be placed on meat imports from the Argentine unless they are also placed on those from the Dominions.

An examination of the trade statistics for the Baltic countries shows a continued rise in the value of imports from Great Britain, which has become a close second to Germany as an exporting country to the Baltic States and has taken an easy lead in Scandinavia. German coal imports from Great Britain have risen to 225,000 tons a month over the quarter. There has also been an increase in the British coal quota allotted by the Dutch government, which rose to 508,171 tons of domestic coal, 4,418,689 tons of industrial coal and 310,753 tons of coke. Japanese cotton exports to the crown colonies have been reduced by the adoption of quotas. There does not yet appear however to have been an appreciable growth in British exports to these territories. In 1934 only 57,600,000 square yards of cotton piece goods were exported to British West Africa compared with 102,200,000 square yards in 1933 and 159,500,000 square yards in 1932.

The British Import Duties Advisory Committee has progressed far in its work of making the tariff "scientific". The past quarter has seen a small number of increases and a considerable rise in the number of exemptions. Negotiations between the British Iron and Steel Federation and the Continental Cartel have broken down for the time being; the chief point of difference has been the share of the British market which was to be allotted to continental manufacturers. The British manufacturers are now pressing for an increase in the tariff to increase their bargaining power.

The principal tariff increases during the past quarter have been made by Belgium and Germany. Italy,

Spain, Rumania, Holland and the Dutch East Indies have widely extended their use of quotas; Poland and Switzerland have issued new regulations governing the operation of their quota systems. The licence, however, has been the most important form of restriction on imports; its imposition has frequently followed that of a quota. Italy, Uruguay, Iceland, Estonia, Persia, Switzerland, Austria and Czechoslovakia have made the most use of this restrictive measure. Uruguay has made licences necessary for all imports and Italy for all save coins, gold, MSS. and "compensation" goods exchanged directly for Italian exports; these new regulations have severely hit British coal and cotton exports to Italy. Iceland has forbidden all imports for which licences have not been obtained from the Currency and Import Committee, whilst Belgium has placed taxes on certain licences.

Canada, Finland, Newfoundland, Egypt, Chile and the Straits Settlements have all widened the range of imports which must be marked compulsorily with their country of origin. Italy, Bolivia, New Zealand and the Irish Free State have prohibited certain imports altogether; Germany has required permits for the sale of certain oils and has imposed a new measure of taxation through the grain monopoly. Germany and Austria have imposed consumption taxes on certain luxuries, whilst the U.S.A. has placed compensating and processing taxes on imported tobacco and peanuts and on goods competing with cotton. Australia has rigidly limited the import of raw cotton in an attempt to grow her own requirements.

Bulgaria has created three government monopolies for the purchase, manufacture and sale of tobacco and the machines required for its manufacture; for alcohol and plum brandy, light mineral oils and all imported substitutes; and for salt. These bodies are to fix prices and control and tax imports. Guatemala has made the import of wireless transmitting apparatus a government monopoly. Spain has limited the use of the word silk solely to yarns, threads, tissues, etc., from the silk worm and insisted that artificial silk shall in future be known as rayon. Bulgaria has placed duties on the quantity of certain imports and exports, whilst Costa Rica has imposed a 6% surtax on all imports; Spain has withdrawn all rebates on motor cars. S. Africa has imposed anti-dumping duties on glucose imported from Belgium, Holland and Germany, and on steel goods imported from Belgium; the U.S.A. has decided to tax British silk goods for receiving a "bounty".

There has been an increase in export restrictions during the quarter. Germany, Italy, Poland, Bulgaria and St Vincent have all increased export duties; Canada has prohibited the export of gold save by permit of the Minister of Finance. Norway has limited the export of herring to a fishermen's cooperative society and has laid down conditions as to the quality of the herring exported, while Latvia has extended the state flax export monopoly to include hemp.

New Zealand and Newfoundland have both introduced new tariffs. The Commissioners now responsible for the government of Newfoundland have carried out a reduction in the tariff in the attempt to restore the prosperity of the Dominion. The fisherman and the farmer have been freed from duties on their essential

requirements and an attempt has been made to improve the health of the inhabitants by removing the duties on fresh fruit, which will not ripen on the island. In most countries where tariff reductions have taken place they have been small; the most important were those carried out by Poland on certain colonial goods imported through Polish ports and by Finland and Egypt. Panama has exempted over 600 articles from duty in an attempt to make the republic a distributing centre for Central and South America. France has reduced licence taxes imposed on certain fruits, whilst Belgium has suspended licences on some ranges of woollen goods; Australia has increased some British preferences. Tunis has reduced export duties on fish and Nyasaland has abolished the export duty on unmanufactured tobacco.

The Irish Free State has given bounties on turkeys, fish and certain industrial exports. It has reduced the bounties paid on butter and cattle, eggs and poultry. The most important barter agreements of the quarter were between Germany and Chile for an exchange of locomotives for saltpetre and between Germany and South Africa for an exchange of £2,400,000 worth of wool for an equivalent quantity of German goods.

Few important trade agreements have been concluded during the quarter. France has reached an agreement concerning the position of the Saar after its transfer to Germany. Some Saar manufactures, such as paints and colours, soaps, paper and furniture, are to be imported into France at reduced duties, whilst milk from France is to be allowed into the Saar duty-free. Difficulties have arisen over the economic relations between France and her North African colonies. It will not be easy to solve these troubles as most of the products of North Africa are in direct competition with those of Southern France in the French market. Germany has reached an agreement with the Irish Free State by which a ratio of 3 to 1 will be established for 1935 as between I.F.S. imports from Germany and I.F.S. exports to that country. The arrangement included provisions for an increased export of cattle, eggs, butter, wool, hides and skins to Germany. Further negotiations were to take place to fix the ratio for future years and an attempt made to secure a greater equality in the balance of trade between the two countries. Germany also signed treaties with Spain, Finland and the Netherlands, all of which were supplementary to earlier agreements, and she concluded a provisional treaty with Estonia. Agreements were also concluded between Poland and Turkey, Poland and Spain, Belgium and the Irish Free State, U.S.A. and Brazil, Turkey and Greece, Belgium and Australia and Bulgaria and New Zealand.

The treaty between Turkey and Greece provided for a detailed exchange of goods, whilst that between Belgium and Australia allotted Belgium a large quota for sheet glass imports into Australia. Slight modifications were made in a treaty between Austria and Switzerland, a treaty between Japan and Portugal was continued for a period of 2 months, and a temporary declaration of commerce to last until a treaty could be concluded came into force between Sweden and Portugal. Agreements between Rumania and Yugoslavia, Turkey and Switzerland, and Austria and Canada were continued; treaties between Yugoslavia and Bulgaria and Turkey and Iraq came into force.

Treaties were denounced between Japan and Colombia, Japan and Cuba, Germany and Rumania, Italy and Cuba, and Portugal and Cuba. Certain clauses were denounced in the treaty between France and Germany.

Few changes were effected by most of these agreements. Signs are appearing that a movement away from the ideal of autarchy is beginning. Not only is there a pronounced reaction against the Elliot policy in Great Britain but countries such as Germany and Belgium are finding it necessary to permit a larger quantity of agricultural imports if they are to maintain or develop

their industrial exports. The increased government regulation of foreign trade is leading to a remarkable growth in governmental machinery. Italy, for example, has placed complete control of her foreign trade in the hands of the National Fascist Institute for Exchanges with Foreign Countries. Shipping continues to suffer acutely from the imposition of trade barriers in the last few years. Trade agreements have done little as yet to undo the harm done to it by the movement towards national self-sufficiency.

JOHN PARKER

THE INTERNATIONAL SCENE

During the last three months the international scene has remained fairly calm and undisturbed, in pleasant contrast to the months before. The plebiscite in the Saar went triumphantly in favour of Germany; incidents were avoided; the territory was duly transferred. Inside Germany herself nothing spectacular has happened, if we except the beheading of two typists accused of being spies on behalf of Poland. The quarrel between Yugoslavia and Hungary over terrorist activities has been duly settled. Other happenings abroad belong to the internal rather than the international scene: a clean-up in Russia, the Gold Clause judgment in the United States, political developments in Yugoslavia and Bulgaria, an attempt at revolution in Greece, discontent in some of France's North African possessions. In South America the arms embargo is to be relaxed in favour of Bolivia who, since she is now losing, is disposed to accept the League terms for an armistice.

ITALY AND ABYSSINIA

In fact the only series of international events of real news-value have been those revolving round the unmapped frontier between Abyssinia and Italian Somaliland. The story in outline is clear enough, but is deficient in certain vital particulars. An Anglo-Ethiopian Commission for the delimitation of grazing-grounds arrived at Wal-Wal, a place according to the map some fifty miles inside Abyssinia, to find it occupied by Italian troops. The Italian commander refused to allow the Commission to proceed into what, he maintained, was Italian territory. Both sides seem to have had remarkably large forces. They settled down facing each other, and a day or two later there was a "battle". Each side accuses the other of having started the fight. The "Anglo" part of the Commission seems to have disappeared early from the scene, and it is not clear if any British representative was a witness of the fight. The Wal-Wal incident was followed by several minor incidents. There is no satisfactory evidence as to how long the Italians had established themselves at Wal-Wal, or as to who attacked whom. However, in the subsequent negotiations the Italians have behaved truculently and the Ethiopians with modesty and correctness, so that by now everyone outside Italy takes it for granted that the Italians—and the Italians alone—are to blame.

There are, of course, two sets of problems. The first is that of the boundary. The arbitrary straight-line boundary of the maps counts for something, but not for everything. If the Italians had been established

without protest for some time, that would be a point in their favour. Unfortunately there is no evidence on this point. Yet it is hard to believe that the Commission were completely ignorant of the fact that they were likely to encounter Italians. It is possible that the area was debatable ground, that the Italians were proposing to stake out their claims in the usual way, that the Ethiopians had the bright idea of letting off the grazing rights in such a way that British interests were involved, and that both sets of prospective tenants (each anxious to get in before the other) met, as it were, on the doorstep. But this is speculation, and, however artificial the boundary of the map, fifty miles on the far side of it seems unnecessarily far for the Italians to have got.

The second problem concerns responsibility for the battle. The Italians insist on an indemnity; the Ethiopians offer to pay an indemnity if an enquiry holds them guilty. A neutral zone seems to have been arranged to prevent further encounters, but at the moment the Italians are refusing the enquiry.

It is difficult to tell as yet whether this is a frontier dispute pure and simple, or whether questions of high policy are involved. The Italian objection to Swedes and Belgians in Abyssinian employ helping in the delimitation suggests that Italy may consider herself to enjoy a privileged position. There have also been rumours that Japanese trading interests have been planning to establish themselves in Abyssinia, against Italy's wishes. It would be ironical if, in opposing Japanese interests, Italy tried to turn Abyssinia into another Manchukuo.

POLITICIANS COME AND GO

As if to make up for an absence of international incidents, the International Politicians are on the move. M. Laval in Rome, M. Flandin and M. Laval in London, Dr. Schuschnigg in London, Sir John Simon in Paris (to tell them all about the British Constitution), Sir John and Mr Eden trying to go to Berlin (and perhaps some day—who knows—to Warsaw, Moscow?)—if the Almighty ever looks down on this earth He must be gratified to see His foreign ministers winging their several ways from capital to capital like busy bees, buzzing with appropriate excitement before the Press, eating discreetly together and droning of things the plain man should not know, exploring strange avenues in which to leave no dubious stone unturned. And at the moment it looks as if they have been more successful at making mischief than at forwarding disarmament.

The agreement between France and Italy covers two distinct spheres, Central Europe on the one hand and North Africa on the other. The colonial disputes between the two countries date partly from the War, and partly from the years preceding it. Italy had been promised concessions in Africa by the Allies, but her post-war gains had been meagre, and she seemed dissatisfied. Further, there was the old problem of the position of the Italians in Tunis: the French wanted to make them into French subjects, and the Italians (and especially Mussolini) wanted them to remain Italians. These difficulties have now been set at rest. Italy, under the Rome agreement, is to receive accessions of territory in Libya and Eritrea, while the privileges of Italians in Tunis are guaranteed for some time to come.

In return for this Italy agrees to a common policy with France in Central Europe. To the Press Mussolini described the agreement as having "fixed a common Franco-Italian attitude in possible eventualities"—eventualities presumably connected with Austria. The two countries are to consult together should it be established that Germany has "modified by unilateral act her obligations in the matter of armaments". Treaty revision has disappeared into the background, and the relations between Italy and the Little Entente should be much improved.

At first sight it is gratifying—if remarkable—that so much goodwill in a particularly touchy corner of Europe should have been generated by so little talk. But France has hardly presented Italy with large slabs of African desert in order to be what P. G. Wodehouse calls bonhomous. It is impossible to escape the conclusion that this is a line-up against Germany—and is that really going to serve a useful purpose? And if Austria's 'National Government' does get thrown out, is it to be put back again with a mixed selection of foreign bayonets? The Saar would have been a very different proposition with the plebiscite left out.

BRITAIN PLAYS HER HAND

The next stage was the visit of the French Ministers to London. The resulting statement set out a line of action which might lead to a European settlement. The chief points were:

- 1 Britain will also be one of those consulting together if the independence and integrity of Austria are menaced;
- 2 While unilateral rearmament is condemned, Britain and France would welcome "a general settlement freely negotiated";
- 3 Such a settlement would provide for security by means of pacts;
- 4 General armaments agreements would operate in place of the restrictions applying to Germany;
- 5 Germany would resume her place at Geneva; and
- 6 There would be mutual and automatic assistance in case of air attack.

The scheme was undefined—especially as far as Eastern Europe was concerned—but did provide a possible approach. Simon and Eden were to proceed to Berlin. The German press was fairly affable. And at this stage MacDonald took a hand.

The White Paper on Defence (Cmd 4827 of 1935) is in many ways a remarkable production of the Prime Minister's. In it occurs this passage:

"His Majesty's Government have noted and welcomed the declarations of the leaders of Germany that they desire peace. They cannot, however, fail to recognize that not only the forces but the spirit in which the population, and especially the youth of the country, are being organized lend colour to, and substantiate, the general feeling of insecurity which has been incontestably generated."

At the moment the visit to Berlin is postponed. Goodwill built up over many months has been sacrificed. Perhaps by the time this is in print some of the damage will have been repaired. But somehow the armaments kings seem to have got a flying start.

A. T. K. GRANT

AGRICULTURAL CREDITS

DORIS SCHMITZ

I

Modern Socialism has grown out of the Industrial Revolution and has therefore seen its main task in the transformation of industry and finance. Although agriculture continues to be the primary productive industry in national economy, socialist theory, closely connected with the manufacturing industrial working class, has tended to neglect the agricultural problem. This attitude is highly unreasonable, since all practical experiments in Socialism have shown that agriculture¹ must be organized simultaneously and in accordance with the development of industry, lest the whole system should be jeopardized.

If socialist planning in this country aims at results, it cannot afford to underrate the importance of agri-

cultural development. On the contrary, the problem of overpopulation and structural unemployment will make the reorganization of agriculture one of the foremost tasks. It may sound ridiculous to state a truism like this *expressis verbis*; but if one looks at socialist contributions to the planning of agriculture, one may well be amazed at the lack of constructive schemes. G. R. Mitchison, for instance, who, in his recently published book *The First Workers' Government*, claims to set out a detailed plan of the transition from capitalism to Socialism, devotes only eight pages out of over 500 to the future reorganization of agriculture, and less energetic socialists even confine themselves to a criticism of the piecemeal remedies applied by the present Conservative Government. And this at a time when even a hypocritical capitalist system cannot think of other remedies for the plight of British agriculture than so-called "Bolshie" planning! The unavoidable failure of this desperate attempt from the capitalist side to save a lost cause cannot give socialists a pretext for disregarding agricultural questions altogether. Even if we cannot presume to be conversant with every detail

¹ As this article deals with the question of supply and distribution of capital to agriculture in a Socialist state, it has not been regarded as necessary to enter into the discussion on what lines the necessary nationalization of the land should be effected. But it should be clearly understood that such nationalization is considered the first and most essential condition of Socialist agricultural policy.

of the machinery in the future socialist state, we believe it is possible to devise the part which agriculture will be called upon to act and its subsequent organization.

The view held by many that England will never completely regain her position as the industrial workshop of the world should lead to a revision of our export and import system. Reduced facilities for exporting manufactured goods would naturally be followed by a restriction of the imports of raw materials and foodstuffs. Of course, the growing of foodstuffs will never be possible on the basis of extensive agriculture in this country, firstly because the necessity for land settlement of the unemployed must be taken into account, and secondly, because the areas at our disposal are far too small to be suitable for ranch-farming as for instance in the United States, or for collective farming as in Russia. Intensive, not extensive, cultivation is thus the line which must be followed, and the smallholding, worked by the settler and his dependents, offers the best form of unit to this end.²

It is as yet impossible to decide what size the average holding should be. The quality of the soil, the location of the plot and the kind of products to be raised are all important factors for the division of the land. Fruit and vegetable growing or poultry farming obviously require less space than sugar beet or livestock farming. Under existing production figures, however, smallholdings should not be smaller than 10 acres. Recent experiments in this country and on the Continent have shown that farming units of a smaller size are uneconomic and do not provide a living for the holders' families. To overcome this, the farmers have to earn additional income by working in factories in the neighbouring district, whilst their wives and children look after the plot. This method may also be adopted temporarily in the socialist state; bacon-curing, sugar refining, and canning factories, set up in the respective agricultural centres, may provide work—either whole time or seasonal—for those smallholders whose land is not yet self-supporting. But it should be noted that this device is to work only temporarily; the aim of land settlement is, after all, to make the settlers gradually entirely self-supporting, and to reserve the industrial work for those labourers who are not settled on the land.

² We very strongly object to the suggested embodiment in the Labour Party's Draft Land Bill, rejected by the House of Lords, to the effect that large farms on a management basis should be worked on an experimental basis. We do not think that there is any other solution for the problem of the agricultural working class than their settlement as free settlers on small holdings, because neither the quality of the soil nor the present population figures can justify such a waste of land as will happen on large managed farms. The only argument in favour of such a project, that it would facilitate the use of machinery, has been refuted through the recent successful experiments in cooperatively owned machinery by groups of smallholders in Scandinavia and South Western Germany. These experiments are the more conclusive, as the only crop where weather can play havoc with the collective use of machinery, *i.e.* grain, will have to play only a secondary rôle in our future agricultural reorganization.

It is of course no contradiction to the general principle that agriculture in a few less favoured districts, like Westmorland, where only cattle-raising or sheep-breeding are possible, will have to be worked on an extensive and collective basis; it is furthermore understood that the smallholdings will have to be united in cooperatives for the marketing of their products as well as for the production of certain goods, *e.g.* cattle, for which the means of a single smallholder are insufficient.

All these considerations necessitate a very well thought out plan in order to control agricultural production. Yet the extent to which agriculture as an industry depends upon natural conditions makes it, of course, extremely difficult to plan. It would have to be considered whether farming should be specialized or whether the smallholder would be allowed to sell the surplus of his all-round cultivation which he and his family cannot consume. The first plan is the only possibility in a completely planned economy,³ but, in accepting it the State assumes a certain responsibility towards the farmer. In an emergency the all-round farmer is in a better condition to carry on, whilst the farmer who has restricted the variety of his output is more sensitive to a crisis. The trade cycle will naturally be eliminated in the future State, but there may be and there will be other stresses of a physical nature like drought or cattle diseases against which no planning will be of any use.

Under this aspect the problem of credit and credit distribution is brought to the foreground. It is obvious that the transformation of agriculture cannot be enforced by mere compulsion. There will have to be heavy financial assistance under different forms, such as subsidies, grants-in-aid and so on. But besides this temporary relief there are the current requirements of capital in agriculture which must be satisfied. For intensive cultivation depends more than any other industry upon credit; the supply and distribution of agricultural credit will therefore play an outstanding part in the socialist programme.

II

The importance of the task of regulating a policy of agricultural credits in the socialist state is best elucidated by the fact that England is now the only country which—through its agricultural credit policy or, more appropriately, through its policy of preventing agricultural credits—has kept agriculture in a feudal stage, quite irreconcilable with the development in trade and industry. Neither of the two possibilities offered to agriculture under the capitalist system has been seized upon: the development of an independent bourgeois farmer class as in France, Scandinavia and South Western Germany, or, on the other hand, the development of factory-like agricultural undertakings on mammoth farms working with masses of cheap labour as on the Junker estates in Eastern Prussia and Poland. So firmly is English agriculture rooted in feudalism that even such mild measures to curtail the big estates as Lloyd George's Reforms and Snowden's Land Bill have been destroyed by the vested interests. Farming, inasmuch as it survived the Industrial Revolution, remained to an enormous extent in the hands of small tenants who are in every respect dependent on the squire. After sheep-raising in Australia, the Argentine and South Africa had broken England's monopoly, and after the fortunes amassed by the wealthy landowners out of industrial enterprise made the utilization of land superfluous, it was no longer the ambition of such a landowner to obtain the highest yield from his

³ "In farming go-as-you-please methods are dead; the market requires uniformity and the only way the smallholder can enter such a market is by becoming a unit in a large business."—Sir Daniel Hall, reported in the *News-Chronicle*.

property, but rather to secure for himself a standing in society into which the unlanded bourgeois, growing rich through industrial enterprise, was invading, threatening to displace him. The big estate, not exploited for productive purposes, became thus a symbol of the superiority of gentry in a society which otherwise replaced the privilege of birth by the privilege of money.

After the War the class of owner-farmers became more important, and at the present time about 25 per cent. of the land is held by them. They had bought the farms out of War profits, but, unable to estimate their profitability, they had to incur heavy debts to keep them going. Instead of being free farmers they slowly became a sort of tenants dependent on the big banks.

Not only the principles of agricultural policy, but also the principles of English law have contributed to maintain the entity of large estates, chiefly let to tenant farmers. The strict laws which abroad prevent the creation of entailed estates do not apply in this country. Here everybody can by private disposition create a Land Trust Estate. It is characteristic for the purpose of this legislation that up to 1925 the creation of entails, other than for landed property, was impossible. Another institution, that of hereditary lease, also favoured the unity of the big estate. If parts of it were to be cultivated without disposing of them, it could only be done through the means of hereditary lease, which did not put them on the basis of industrial enterprises, nor separate them from the whole. At the same time the system of ground rent made the land-owner disinclined to split his land, because the sale of plots during the term of lease would only yield him a price fixed by the present contract and would thus rob him and his family of the profits accumulated through a rise in the value of the land.

The Land Reform Bill of 1925 which, for the first time, popularized the institution of invisible mortgage in this country, met with an insufficient response, so that even afterwards it was practically impossible for farmers to obtain long term credits. Owing to the non-existence of a Land Register or of a similar legally guaranteed source of information, people refrained from crediting a farmer about whose indebtedness and titles to the land they could not obtain valid information. The Agricultural Mortgage Bank, established in 1928 under the Agricultural Credits Act as a semi-official institution, was to provide a remedy for the farmer who cannot exist without long term financial loans. But, when one takes into account the needs of agriculture, as a whole, the activities of this Bank which is backed by the Joint Stock Banks and the Government must be considered as rather unimpressive. Six years after its establishment the amount of credits given did not exceed the sum of £10½ millions.⁴ And yet the bulk of the loans was not granted for development purposes, but for converting existing indebtedness and for subsidizing owner-farmers with uneconomically large farms.

⁴ Agricultural mortgages given by mortgage banks in Germany amount to £175 millions. In addition to that sum £50 millions were given through the Savings Banks and an amount estimated to be not less than £25 millions through the cooperatives and similar institutions, bringing the total up to £250 millions. The number of persons gainfully employed in agriculture in Germany is only six times as high as in this country. (Statistisches Jahrbuch für das Deutsche Reich, 1929.)

In spite of its apparent unimportance the Bank has, however, collected very valuable data which should prove helpful for drawing up plans for the future. At the moment, although it is the only organized, even the only existing, credit institute, its scope of activities cannot be regarded as satisfactory. The indebtedness of agriculture is certainly higher than the £10½ millions on the books of the Bank, and even these credits are not altogether adapted to the needs of agriculture. On the contrary, inasmuch as they are given through the Joint Stock Banks they are given on more or less the same conditions as trade credits, and disregard entirely the special situation of agriculture. The farmer who is unable to repay his credits in due time very often falls into the hands of usurious moneylenders with all the consequences. Even the hire-purchase credits which meet the farmers' credit requirements for longer periods are usually very dangerous and, speaking generally, undesirable in their present form, for even the farmer who has resisted the persuasion of an efficient salesman is liable to overestimate the profits to be derived from the use of the new machinery and to underestimate grossly the burden of the future instalment payments.

Events of national economic importance have aggravated the position of British agriculture. It is impossible here to trace their respective influence, or to enumerate them. The effect of the repeal of the Corn Laws on English wheat growing, for instance, would have been far less disastrous if it had not been for the inability of the British farmer to meet the overseas competition in the 70's by intensive cultivation and specialization which would have required systematic credits, at that time only available for industry. It has been a popular assertion with the Liberal-industrial economists that this lack of capital was on the whole due to the lesser profitability of agriculture. This assertion, however, is only true to a small extent, inasmuch as the very high rents payable for small-holdings in this country greatly hamper the profitability of the holding as an economic unit. An explanation of more weight is that agriculture does not provide the same chances for speculative capital gains which industrial enterprises, particularly in the second half of the 19th century, offered freely. But even in times when vast masses of exceptionally low-yielding fixed-interest foreign investments were placed in this country, capital did not flow to agriculture. And at present, when the glut of money makes profitable investments rare, agriculture is not put into a better position. It is a striking example of the state of affairs prevailing in this country that the purchase of land but not the advancing of agricultural mortgages, is favoured as safe investment by large bodies, for instance Oxford and Cambridge Colleges; this, of course, tends to strengthen the predominance of large estates and prevents the development of a strong class of small owner-farmers.

The only explanation for this incongruity must therefore be that there is no proper organization to direct the stream of capital available into the different channels.

Agriculture in this country can be regarded by now as on the verge of socialization. For the safety-valve which enabled agriculture to persist in a marginal existence in its unchanged state is now closed for good.

Industrial openings for the farmer who had to give up agriculture because he could not make a living out of it are no longer available. The very moment the standstill of industrial development stopped migration into industry, the plight of agriculture became intensely acute. The impossibility of migration into industry is the real crisis of agriculture: now farmers have to stick to it, even whilst they get deeper and deeper into debt, because there is no alternative. This situation has become so flagrantly intolerable that the present Government saw itself forced to adopt measures which only a few years ago were regarded as dangerously socialistic; measures, by the way, which have by now come to be regarded as indispensable instruments to maintain the non-socialist system!

It is not our task to go into the question of the Marketing Boards, which have already been discussed in an N.F.R.B. pamphlet (No. 18, *Marketing Boards and Import Control*, by M. Philips Price). We assume that by now everybody interested in economics has acquired a certain knowledge of their work and their shortcomings, *viz.* the subsidizing of inefficient farmers at the expense of the efficient ones and, moreover, at the expense of the consumer. Instead of strengthening the efficiency of the whole system and of raising the position of British agriculture, they maintain an unwholesome state of affairs by artificial means. It appears, however, that at least some of the promoters of the scheme regard that as the price at which safety from socialization can be bought. After all, their aim and that of the Marketing Boards is to buttress the present social system at its very weakest spot rather than to raise agricultural efficiency and to further the common weal. The land question could, of course, never obtain in this country anything like the importance it had in Russia, but last year's tithe war indicates the existence of a real unrest amongst the farmers—an opportunity of which the Labour leaders failed to avail themselves sufficiently.

III

The socialist state which is to regain for British agriculture a sound economic position has completely to reshape the organization which exists under the capitalist government. The organization of agricultural credit becomes a fundamental problem, and if any capitalist pattern is used, it is not to be taken from our present institutions, but from institutions developed in countries with strong and independent classes of smallholders and cooperatives such as the United States, Scandinavia and certain parts of South and Western Germany. But the foundations of the system will have to be built up largely without precedent, and it is therefore with great hesitation that we undertake the task of outlining such a system which has never been tried out in practice anywhere before.

The difference between the capitalistic present and the future socialistic state is more than a question of mere technique. Today the supply of capital for agriculture means helping the submarginal, inefficient farmers to receive a profit out of their land. Neither the common weal nor even the return on the money spent on these efforts are of any importance at all; the desire to preserve capitalist society appears to be the only effective motive for diverting the stream of

capital to agriculture. In future, not a penny will be allotted to any branch of national economy unless its projected ultimate effects justify it. This justification will be reached in agriculture when an organized and planned supply of goods on the basis of the highest efficiency of production can be safely reckoned on. The farmer on the one hand is given every assistance to lower his costs, whilst the consumer is to be charged a fair and equitable price through the elimination of middleman profits.

One of the first conditions which will have to be carried out to guarantee the highest efficiency to the farmer is the redistribution of land. A rigid scheme for this distribution cannot be outlined without a previous thorough survey of the land. It may then also become necessary to group together already existing smallholdings into bigger units, if they prove to be uneconomically small. The profitability of a tractor to a village group of smallholders, for instance, depends to a great extent on the proximity of the holdings and on their accessibility from the road. The task of meting out the new units is certainly an expensive one, but in view of its importance this non-recurring expenditure is surely indispensable.

Secondly, all land must be registered in a Land Register which will become a compulsory and very definite document instead of the more or less irrelevant records of today. All facts pertaining to the land must be entered immediately after they have come into being: ownership, indebtedness, all rights in the land, all credits granted on the security of the land, the amount or plan of repayment, taxation, insurance and insurance value, and so on. These entries will be made free of charge; only those entries are to be considered as valid title, so that the bona fide purchaser or creditor is not liable for obligations which have not been duly entered in the Register. The Register should be open to all persons concerned and will guarantee the security in transferring or mortgaging land which is indispensable to a planned economy. Nowadays many a necessary credit is not effected since neither farmer nor lender can procure reliable proof as to the legal status of the land. Experience in countries which have introduced a Land Register has taught that it very quickly dispels the aversion against agricultural credits which is only too well known in this country. The costs of such a Register would be negligible after the preparatory work had been done by the Land Survey.

A third preliminary device is compulsory membership of the farmers in a cooperative or similar organization, perhaps like the Marketing Boards, which would constitute the local Executive of the Plan. These cooperatives and their vertical and horizontal unions, besides performing the functions of the present Marketing Boards, are to survey the local productivity, to control costs, to collect comparative statistics of production, to improve and standardize the quality of the crops—in short to act as an intermediary between the Planning authority, producer and consumer. With their detailed records relating to the productivity and to the value of each farm they can then be called upon to advise the Regional or the Central Credit Organization with respect to the need for financial assistance to individuals or groups of producers. Through their support the farmers can avail themselves of machinery

the purchase and running of which would be too expensive for a single holding. The cooperative is also in the position to buy seeds, fertilizers, etc. at lower costs than those charged to individual purchasers. This system is working successfully in countries like Denmark, Sweden, Finland, Germany, and there seems to be no reason why it should not work equally well in this country.

Before outlining the main plan for the provision and distribution of credit, it is necessary to sum up in short the question of subsidies. In view of recent experiments it would be understandable if public opinion disapproved of subsidies altogether in future. But there is no satisfactory economic foundation for such an aversion. On the contrary, from the viewpoint of the economist, subsidies are not only justified but necessary in a planned state. We do not mean by that, of course, only inevitable subsidies such as emergency relief in natural catastrophes. But the socialist planned state, the aim of which is the establishment of the best economic balance of the common weal, and not the greatest possible profit for the capitalist class, will have to give subsidies when a certain enterprise is to be started which in itself is not profitable—or only over a long period—but which will have immediate beneficial effects upon the national productive efficiency. Such subsidies, for instance, will be necessary for the agricultural training of industrial workers and their settlement on the land, for land survey and land registration, for the equipment of specialized small-holdings, etc. A fight against these subsidies would be just as nonsensical as the fight that was put up against the dole in recent years. The condition that a subsidy has ultimately to increase economic efficiency excludes, of course, subsidies like the present sugar beet subsidy. It is to be granted only by the highest administrative authority after a detailed inquiry into the conditions speaking for and against it.

But—and this is the most essential stipulation of subsidies in general—they must be given openly and directly. The politicians of tomorrow will not have to grapple with the problem of saving the taxpayers' feelings by withholding from them the exact amount spent on subsidies, and therefore be compelled to raise the money indirectly through quotas, etc. Veiled levies like these only serve to hide the extent and final effect of subsidies on national economy. If a money grant is to be given, all efforts to dress it like a self-liquidating credit should be strictly avoided. There must be a definite specification with regard to the purposes for which these grants are required. Provided that these strict regulations are adhered to, then nothing can be said against the practice of subsidizing agriculture as a whole or in its various forms.⁵

The actual credit policy, too, will have to be fundamentally altered in a planned system, or rather, since there is no definite policy in existence, it will become necessary to develop it from the beginning. There will have to be a substitution of the inadequate provisions for long term credit, and the complete reorganization of intermediate and short term credit. To minister to these needs is by no means a feature of socialist

planning; similar measures have been developed and applied in capitalist countries like Scandinavia, Germany or France. It will be the task of a socialist state in England to cope with the problem, because the capitalist structure hitherto in existence in this country has been antagonistic to a regular credit supply for agriculture.

The very special character of agriculture, which consists in the utilization of the reaction time has upon nature, demands credit for three distinctive periods, serving three distinctive purposes and supplied, at the same time, out of three distinct resources.

Seasonal money requirements stimulate the needs for short term credit, for a period varying from three to twelve months. Money is required to purchase seeds, to pay for running expenses and to maintain the farmer and his dependents until after the harvest. It is further required to finance the marketing or the storage of products before they can be sold. Under the General Plan, the first kind of credit, the so-called Production Credit, would be required by the individual farmer, the second, the Marketing Credit, by the local or regional Farmers' Cooperative which is charged with the marketing of agricultural products.

Intermediate credit is required for a longer period, varying between one and three years. The word comes from the United States, where the Federal Intermediate Credit Banks were established under the Agricultural Credits Act of 1923, exactly for the purpose of filling the gap then existing between the provision of short and long term credit. Intermediate credit enables the farmer to get machinery, livestock and other more costly farm equipment which will become economic only after a period of some length.

Improvements in the general equipment of a farm which involves considerable expenditure, such as the introduction of a new breed, building of stables and storage accommodation, replacement of depreciated machinery, etc., are financed out of long term credit of three to 20 years' length, because the money spent on such purchases will hardly be recoverable before the end of some years.

The central organization dealing with agricultural credits will work in close collaboration with the nationalized banks and, on the other hand, it is to be closely connected with agriculture. An intermediary of this kind would be provided through a Central Agricultural Bank which would be in close touch with the nationalized Bank of England and the nationalized joint stock banks; this Central Bank would at the same time be the focus of all the activities of the co-operatives. It should collect the statistical material compiled by the local and regional sections and would constitute the highest authority with regard to the quantity of credit to be allotted.

As mentioned above, the object of short term credit is to circulate within the scope of existing productivity, and not to stimulate larger developments. The security on which the credit is given consists therefore to a great extent in the personal capability of the farmer and in the output of his land. Since the cooperatives are the most suitable organizations to judge upon both these assets, it would be expedient to give the credit to them under the condition that they pass it on to individuals according to their requirements. This would not only save recording and office-bureaucracy, but would also

⁵ Very often subsidy and credit will be coupled in practice. Industrial worker settlers will have to be given mortgage credit with exemption from interest payment for seven years.

guarantee a smoother and more even distribution of the money. Lastly it ought to be mentioned that the cooperatives are in a far better position to purchase seeds and see to the marketing of the products than the single individuals.

Besides, the short term credits required by the small-holders are in themselves too small to be mobilized if the lender attempted to do so. It is therefore not only more convenient to grant credits through the cooperatives but it proves actually to be the only possible method.⁶ The cooperatives will draw on the Central Agricultural Bank which will accept the bills of trade and by that make them eligible for discount by the Bank of England or the nationalized joint stock banks. Such bills can then be held as cover for bank notes in case the present system of fixed issue is abandoned in favour of a more elastic system.

The problem of intermediate credit is the most important one. It really makes out the test case for the working of the whole Plan, because it is the medium through which the trend and the pace of production are controlled. Its quantity and the period for which it is given have a direct bearing upon the whole economic policy under the Plan. Whilst the proceeds from the sale of the harvest will usually be sufficient to cover the short term seeds or storage credit and, in the case of long term credits, the period of repayment is stretched out over too long a period to have a strong reaction on the progressive development of productivity, medium term credits are the sole financing instruments which have a direct influence on it. The slightest mistake in estimating the amount will therefore have fatal consequences; a misjudgment regarding the time for which the credit is to be given will inevitably lead to trouble. The farmer, in the one case, has either to make needless efforts to repay before the money has created profitability, or, in the other alternative, the money which he does not require any longer is lying idle on his hands and is withheld from other branches

⁶ The suggestion that credit should be given to the co-operatives to pass on to individuals has already been made by Mr Bevin before the Macmillan Committee (Min. of Evidence, p. 3582).

of national economy. Intermediate credits are those which are the most liable to become frozen or lost, unless considerable care is taken in advance.

These kinds of credit must also be applied for at the cooperatives, but the cooperatives have no authority to recommend any such application to the Central Agricultural Bank. The local branch of the Bank or, if necessary, a higher expert official of the Bank, has to make a detailed study of the situation, basing himself on the figures and the assistance of the cooperatives. This will safeguard strict compliance with the Plan, as it is controlled through the Central Agricultural Bank. In addition to these implications intermediate credits should in no circumstances be given through outside organizations, such as hire-purchase agreements, etc. The intermediate credit is to be given either directly or indirectly through the cooperatives, if new machinery, etc., is to be purchased. The security on which the loans are given lies in the implements bought, which makes it a very safe loan. It offers, therefore, an attractive investment possibility for savings banks, post office banks, medium term insurance monies such as fire or health insurance, etc., which through a special Bill can be forced to hold part of their investments at the disposal of agriculture.

Long term credit is essentially a mortgage credit for the definite purpose of stimulating long term development or, as outlined above, to finance planned economic schemes. If it is to serve the latter end it will to a great extent come under the heading of settlement credit, combined with some sort of subsidy.

Technically it does not offer any difficulties. It will be issued to each farmer individually through the Central Agricultural Bank against a mortgage. The Bank also surveys and directs the utilization of the loan. The amount to which the farmer can pledge his holding should be defined so as not to exceed 45 per cent. of its fire insurance valuation, in order to leave ample space for depreciation and for unforeseen losses. These long term credits and mortgages are financed either through mortgage bonds which will be bought by the nationalized life insurance companies or through state loans issued for this special purpose.

SOCIALIZATION OF THE MEDICAL SERVICES

(WITH SPECIAL REFERENCE TO MATERNITY)

STELLA CHURCHILL, M.R.C.S., L.R.C.P., D.P.H.

It is one of the anomalies in our civilization that matters of health receive far less State support than do those of Defence—like the War Office—or business communications—as developed in the Postal Services. Education of a kind has been free for years to large numbers of the community. But the provision of medical services to those who require them has been obtained slowly, painfully and in the teeth of tremendous organized opposition.

The first communal action against disease was taken as is not unusual, in the interests of commerce. Trade suffers severely when there are epidemics, and so quarantine regulations were introduced in many parts of the world, but they have been superseded in England by the provision of an elaborate system of safeguards and supervision. All the sanitary services are examples

of communal or socialized health administration. Under this heading we must include the commonly accepted provision of a water supply—adequate only after long battles against vested interests in towns; it took fifty years of struggle in London to buy out the old water companies and substitute an *ad hoc* authority like the Metropolitan Water Board. Village water supplies are still far from adequate, and I know myself of one country area where vocal opposition was made by the local squire to any improvement on the grounds that a good water supply might "bring trippers" to his beauty spot. Sanitation has been completely re-organized in urban areas on a socialized basis, though, again, in villages it is left largely to local inaction. An obvious example of this is seen in the almost universal choice by rural authorities of a beautiful site on which

to dump house refuse. Examples might be multiplied of the same chaotic position, even to the present day, of water, sanitation, town planning and provision for nursing the sick.

It is to this last essential service that public attention is being turned. A start has been made with preventive medicine—as shown by innumerable Public Health Acts dealing with inspection of food, sale of drugs, disease in cattle (especially tuberculosis) and so forth—and public opposition to this kind of control is not either very powerful or effective. One must also admit that legislation has by no means succeeded up to the present time in producing a really pure milk supply or in preventing contamination of foodstuffs.

Care of the sick poor was for many years entirely left to charitable effort provided by religious houses, and in the 18th and 19th centuries greatly expanded through philanthropic organization. Such a system—unorganized, overlapping and inadequately distributed—has produced the present chaotic state of affairs in which there may be areas of the country well provided and others without provision at all. In no case is this more noticeable than in the supply of hospitals. In large towns there may be hospitals for specific disease or regions of the body—such as the eye, nose and throat, etc.—in the same street, or next door to a large general hospital where these complaints also receive attention. In rural areas, on the other hand, patients may have to travel many miles in order to receive any hospital treatment.

The treatment of infectious disease has been to some extent adequately provided by the compulsory setting up of Fever Hospitals, where patients are frequently admitted free of charge. Similarly, there are sanatoria provided for the treatment of tuberculosis and a large number of municipal clinics have been created under various local authorities. Such clinics deal with ante-natal care, child welfare under five, mentally defective children, crippled children (orthopaedic clinics), tuberculosis and venereal disease. In this way a great many diseases have been removed, except in their early stages, from the control of the hospital.

By the Local Government Act of 1929 some of the existing overlapping in Health Services has been remedied by the inclusion of the poor-law hospitals in the health schemes of local authorities.

MATERNITY AND HEALTH SERVICES IN THE HOME

Then there is the question of health services in the home. The National Health Insurance Act provides a general practitioner for such insured persons whose income is below £250 per annum. It also provides cash benefit, administered by Approved Societies, during sickness, and a bonus for maternity. In the last twenty-five years the National Health Insurance has been found inadequate because it gives an unsatisfactory service which omits specialist treatment, dependents—i.e. the wife and children of the insured person—and dental benefit. A report on the whole question urged that the Act should be extended to include those services when finance permitted. There are, in addition to all the above, school medical services which provide inspection and also treatment for minor ailments, including teeth.

It was hoped that the Ministry of Health when created

would ensure a much higher standard of health and medical services throughout the country, and more unification in all aspects of medical treatment. This ideal does not seem to have been achieved because the Ministry is unable or unwilling to impose its views on local authorities whose services are inefficient. In no respect is this more marked than in the question of maternity services. There was a great opportunity before the Ministry to improve this appalling condition of affairs which was revealed eleven years ago in Dame Janet Campbell's report on the Protection of Maternity. It is true that this report, and two subsequent ones made by the Commission, stress the very inadequate training in obstetrics which is provided for the medical profession. Deaths occur in childbirth because "difficult obstetric operations are performed by those whose training and experience is inadequate". This aspect of the problem can only be effectively improved by the General Medical Council and the teaching hospitals. Far too many doctors are allowed to qualify and to practise midwifery without adequate training in this subject. The reports on Maternal Mortality also showed that there was a "primary avoidable factor" in the five thousand deaths investigated in as many as 45.9 per cent. of the cases. Failure in ante-natal care and lack of judgment accounted for the vast majority of these. Local authorities have powers to provide ante-natal clinics and their failure to do so could be put right by the Ministry of Health.

While dealing with the subject of maternity it is significant that a report has just been published on the status of midwives, urging the provision of a municipal midwifery service. This report—which a Committee presided over by Dr Watts Eden was appointed to draw up—dealt particularly with the financial status of the midwife. Many of them earn only £80 a year and in some areas as little as £50 per annum. They are obliged to live in insanitary dwellings, and there are too many midwives for the number of births. The Committee considered restricting the number of entries by the formation of panel, by limiting the number allowed to practise in a given area and by restricting the number of entrants to the profession. There are 52,872 midwives on the roll, of whom only about 14,000 are in practice.

With regard to remuneration "on the basis of 100 cases annually with an average fee of 30s she would still only earn £150 gross from which all her expenses have to be deducted" (*Lancet*, February 23, 1935). In order to meet this serious difficulty the Committee recommend "the establishment of a municipal, salaried, whole-time midwife service for all areas not already adequately served by salaried midwives" (*ibid.*). This is a significant advance, and the improvement in the maternity service to be expected is shown by the following figures: for example, from 1910-1929 the Plaistow Maternity Hospital dealt with 87,700 cases with the death rate of 0.77 per thousand births (England and Wales in the same period about 5 per thousand births). These cases were mostly attended in the patients' homes by salaried midwives.

NATIONAL MATERNITY SERVICE

In the November, 1934, issue of the *Socialist Doctor* a scheme for a national maternity service is drawn up.

It stresses the importance of having an obstetric specialist in charge of the ante-natal clinic, though it does not suggest that the same doctor should attend at the birth, as is advocated by the B.M.A. maternity scheme. This pamphlet expresses the view that "the ideal place for a mother to bear her child is in her own home provided that that home is in a well-built and sanitary house. . . . Such a home should provide a separate room for the mother." This scheme also advocates the provision of a municipal midwife working in a team within an area under the control of the Medical Officer of Health. This service would give them proper salary, holidays, study leave, pensions and other amenities like transport and telephone. It is suggested in this scheme that a midwife will take about 120 cases per annum and receive £250 a year non-resident or its equivalent.

In the case of needing medical aid there would be a panel of general practitioners who had post-graduate training in obstetrics. Hospital attention should be obtained in a special part of the general hospital. This is a very wise provision because it ensures treatment of cases which go septic. At present such patients are all too often sent to a fever hospital (the term puerperal fever should be abolished), where they have no specialist treatment.

This is an example of how one branch of the medical service could be improved by socialization. Personally, I think that all first labours and difficult cases should go to hospital, and I should prefer to see only obstetric specialists allowed to attend maternity cases. The general practitioner, however well-trained, may have been compelled to come straight from a case of an infectious disease or sepsis. As Professor F. J. Browne stated at a recent discussion at the Royal Society of Medicine, "midwifery and general practice are incompatible. In the first place it is impossible to train the medical student to become a competent obstetrician, which requires at least three years in a large maternity hospital. . . . Secondly, the general practitioner's work—especially in industrial areas—is such that it is often necessary to dress three or four septic wounds daily, after which he may have to attend a case of midwifery with grave risk of conveying serious sepsis. Thirdly, midwifery . . . interferes with other urgent work, the claims of which often necessitate dangerous haste in the conduct of a delivery."

SOCIALISATION OF ALL THE MEDICAL SERVICES

The socialization of the rest of the medical profession could be undertaken on very similar lines to those of the maternity service. For example, the provision of a home doctor who shall be in touch with every member of the family is highly desirable and can be obtained at once through extension of the National Health Insurance Act. The Socialist Medical Association believes that "rich and poor alike must be encouraged to take advantage of the services of the doctor directly they feel they need them. . . . The medical service must be free and all-embracing." The best work is certainly done by whole-time medical practitioners who do not have to compete with other members of their profession in order to gain a living. Team work, as the Socialist report observes, is essential owing to the continued elaboration of medical knowledge. The

medical profession today is working under great personal disadvantages as is revealed by the pathetic life histories brought to the notice of the Medical Benevolent Fund. It would be to the advantage of many doctors to be assured of an income and to the advantage of many more patients that they should not have to pay colossal fees in order to obtain a necessary operation. The money which would be saved by this method would more than compensate for any increase in taxation. The report does not give an estimate of the increased cost to the State of providing such a complete service, but it must inevitably be very high. I myself think that a certain number of medical practitioners should be left entirely free from such a scheme. There is always a danger of a bureaucratic attitude developing towards the patient and the risk of too many clerical duties of which the report takes notice.

Medicine in the future will undoubtedly come more and more under the control of the Medical Officer of Health of a given area arranged according to geographical needs. The *Socialist Doctor* suggests that the central health committee of such a local authority should be divided into sub-committees of which at least the following will be necessary: Sanitary, clinical, hospitals, maternity, child life, mental disease; and under "clinic" will be included the work of the home doctors. It is worth quoting the paragraph on clinical at some length: "It will be the duty of this sub-committee to provide curative treatment for all who need it. (a) In Urban areas the population will be divided into units of approximately 60,000 people, and all the curative services (except hospital accommodation) for each unit will be organized from a Health Centre situated as far as can be conveniently arranged at about the obvious natural centre of each unit. In some cases the Health Centre will be attached to a general hospital. The general practitioner service for each unit of approximately 60,000 people will be provided by a staff of Home Doctors, in the proportion of one to 2,500 people, and every person included in the unit will be able to select the doctor of his choice, provided this doctor's panel of 2,500 is incomplete."

This question of primary and secondary health centres was advocated in 1920 by the Consultative Council of Medical and Allied Services which drew up an interim report describing how primary and secondary health centres should be set up at various districts of the country. From them, difficult cases requiring special treatment would be referred to secondary centres in town. Whereas the primary health centre would be mainly staffed by general practitioners, the secondary centre would be staffed by consultants and specialists and, where teaching hospitals existed, such centres would be merged with them. Such a scheme is actually in practice in Gloucestershire, where the Medical Officer of Health has succeeded in getting all medical practitioners to work together in this plan of services. While agreeing with much which is recommended in this report, it does not go far enough and pursues a policy of encouraging the general practitioner to treat patients at hospital. This would mean the patient might not get the benefit of specialists' advice. With regard to a whole-time, state-salaried service, the report expresses the well-worn view that this "would tend by its machinery to discourage initiative, to diminish

the sense of responsibility and to encourage mediocrity." We fail to see that any of these qualities would be more present under a condition of security than they are today with the system of intensive competition. One point of interest is the setting up of a local medical advisory council under the chairmanship of the Medical Officer of Health. It is remarkable that such a scheme as this was ever produced by a body of individuals not united in political feeling, but it was evidently too far advanced for the government of that day to proceed with its recommendations.

Similar solutions of the health problem have been incorporated in suggestions made from time to time by the Labour Party's committee on public health. Freedom of panel choice to the patients is ensured by such schemes and is essential to establish confidence between doctor and patient. Nothing is said in the report as to the gradual reduction in the number of nursing homes which are at the present time an evil in our health services, but continue to deal with a large section of the community. Paying wards in hospitals would, in my opinion, meet the needs of patients who would not want or require to have free medical treatment.

The present overlapping in industrial hygiene, health services at home and other matters could be removed by bringing them all under the control of the Ministry of Health. For example, the Home Office is still in control of inebriates and drug-traffickers, and the health of school children is under the control of the Ministry of Education. It is only logical in time to transfer all public medical activities to the Ministry of Health, including those of the Army and Navy, and it will be in the interests of the community if many more services become public than is at present the case.

Already the administration by Public Health Committees of Poor Law Hospitals has immensely improved these institutions. In fact, many patients prefer now to go to a municipal hospital rather than into one of the general or so-called voluntary hospitals. Great indignation is sometimes expressed by the staffs of teaching hospitals that what are called "interesting cases"—i.e. of an obscure or severe disease—are being admitted to the former Poor Law Hospitals. A naïve reason was once given by Sir Graham Little for the present voluntary system—viz. that the consultant

gained his experience through many years of unpaid work in the general hospital. He was, therefore, better equipped to deal with his paying patients!

This whole question of clinical material must not be lost sight of in any reorganization of the medical profession. It may seem an anomaly that sick persons have to pay today for the privilege of being of use to medical students. There is hardly a hospital in the country where they are not assessed according to their (in)ability to pay. This aspect of the question is very relevant in the discussion of maternal mortality, because with the falling birth-rate there is less and less clinical matter—i.e. births, which have to be shared for this purpose between midwives and medical students. (Hence the plea that only midwives who intend to practise should actually do the deliveries.)

There has been a tendency within the last few years to appoint whole-time teachers who are in charge of a unit in the teaching hospitals at a salary of £2,000 a year. This may be held in obstetrics or medicine or surgery. Such unit-holders are not supposed to have a private practice. Under the present system it is quite obvious that a skilled surgeon makes a great deal more than £2,000 a year. The present method of recruiting consultants at hospitals is rather chaotic and involves many years of waiting on the part of the individual concerned. It is by no means an efficient method because the most able student may not be able to wait for years attached to his hospital in some minor capacity.

Under a system of paid doctors the hospitals would be more likely to recruit the most able and efficient teachers in every branch of the profession. I personally would leave a good deal of choice to the qualified medical man or woman as to whether they should join the State medical service or not. But this view is anathema to those who wish to see a completely organized and reconstructed public health service controlled and directed from the Ministry of Health through all local public health authorities down to the last nurse or bottle of medicine.

Development on the present lines, as seen in the administration of the 1929 Act, will bring about the much-needed re-organization of public services without entirely abolishing the field of voluntary effort.

WORK OF THE NEW FABIAN RESEARCH BUREAU

RESEARCH WORK IN PROGRESS

Further assistance in research over a wide range of subjects will be very welcome. Anyone willing to offer such assistance is asked to communicate with the General Secretary, 17 John Street, London, W.C.1.

Work has been put in hand during the last three months on the following subjects:

II POLITICAL SECTION

The question of the House of Lords (further work)

- (a) Political Tactics
- (b) The Institutional Side
- (c) Consequential Legal Changes following Abolition

III INTERNATIONAL SECTION

An International Economic Policy for a Labour Government.

IV SOCIAL SERVICES SECTION

- 1 Technical Education
- 2 Adult Education
- 3 University Education (Oxford)

COMPLETED MEMORANDA

The following have been added to the list of completed memoranda published in earlier numbers of finished studies which are available for reference in the office:

RESEARCH COMMITTEE

Priorities—Suggested course of action and order of legislation under a Labour Government

- I ECONOMIC SECTION
 - 1 Socialization of Aircraft Manufacture
 - 2 Socialization of the Armaments Industry
- II POLITICAL SECTION
 - The Press and Public Opinion
- III INTERNATIONAL SECTION
 - The Present Condition and Future of Malaya

CONFERENCES

A conference for specialists will be held to discuss the memorandum recently completed on *The Socialization of the Iron and Steel Industry* on Saturday, 30 March, 1935, at 2.30 p.m., at the London School of Economics, Houghton Street, W.C.2.

A weekend conference will be held at the Royal Star Hotel, Maidstone, on 18-19 May, 1935, on FINANCIAL POLICY.

The following programme has been arranged :

- 1 CENTRAL FINANCIAL CONTROL (FORM AND ESSENTIALS)—John Wilmot, M.P. Discussion to be opened by Major H. L. Nathan, M.P.
- 2 JOINT STOCK BANKS (THEIR ORGANIZATION AND FUNCTION)—Charles Lidbury (General Manager, Westminster Bank). Discussion to be opened by Hugh Gaitskell.
- 3 INSURANCE AND INVESTMENT—G. R. Mitchison. Discussion to be opened by Colin Clark.
- 4 CONCLUSIONS—Dr Hugh Dalton. Discussion to be opened by E. F. M. Durbin.

Further particulars of this conference can be obtained from the office. Bookings should be made early.

A Conference on SOCIALIST PLANNING is to be held on 29-30 June, 1935. Further particulars will be announced in due course.

OTHER NOTES

The attention of readers is drawn to ESSENTIAL NEWS. This valuable summary of the world's news has restarted publication. Its price is 4d weekly; copies may be obtained from 18 Gordon Square, W.C.1.

The following account of Nazi economic policy is published without comment :

From *Supplement to the Weekly Report of the German Institute for Business Research*, Berlin, February 20, 1935, p. 5.

Along with employment creation the problem of support for the middle class (*Mittelstand*) was taken up. Under the "middle class" is understood here retail trade, handicrafts and small trades, house-ownership, and restaurants, cafes, hotels, etc., because in these branches of business the small firm dominates.¹ Since these sections of business are only benefited relatively late by a business revival, only a gradual improvement could be expected from the general economic recovery. Another and even more important reason for the assistance given to the middle class is its economic and social significance, and the greater rôle that it is to assume within the whole economic system. The Government has taken a number of direct measures to support the middle class, and in view of the latter's scatteredness, the measures are manifold in nature.

During the depression there was a great increase in the number of little businesses in which only a small capital is required, because many of the unemployed hoped thus to better their lot in life. Especially in retail trade and in the handicrafts there were ever more persons active in a steadily smaller field of work. The first task of the Government was hence to stop this rush; no new concessions were issued for restaurants, cafes, hotels, etc., restrictions were placed on the opening of handicraft enterprises, the establishment of new retail shops was prohibited, and in a number of cities limitations were put on the activity of pedlars.

Measures were taken to improve the positions of retail speciality shops as compared with department stores and novelty stores, the expansion of chain stores has been checked, and the further extension of textile mail order houses has been stopped. The use of automatic vendors has been reserved for speciality stores.

Another series of measures has regulated competitive and business practices in retail trade; these relate to rebates, special and inventory sales, advertising and such matters.

The building handicrafts have been benefited by the subsidies granted for certain kinds of building, and by the credit granted to the building and loan societies. Direct subsidies to the middle class have been very small.

The taxation measures taken by the Government to assist the middle class have been very comprehensive. Certain building taxes have been lowered and property with a value of less than 10,000 RM. has been freed from the property tax. Sales of small businesses have been freed from the sales tax, the rate of which was raised on sales of businesses having an annual turnover of more than 1,000,000 RM.

¹ More exactly, the "middle class" is considered to include all branches of business in which the living of the owner is immediately dependent upon the current income of the business.

RECOMMENDED BOOKS

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| Murry, J. Middleton and others | MARXISM (Chapman & Hall, 5s). An interesting contribution to the modern discussion of Marxism. Unorthodox. | Hilton, Professor J. and others | ARE TRADE UNIONS OBSTRUCTIVE? (Gollancz pp. 349 5s). An inquiry by "impartial persons" into the extent to which Trade Union regulations act as a hindrance to industrial development. Interesting and well-meaning; but rather marred by a lack of practical experience of the industries concerned. |
| Mises, L. von | THE THEORY OF MONEY AND CREDIT, translated by H. E. Batson (Cape pp. 445 18s). This very formidable standard work may be regarded as the fount and origin of the deflationist Austrian theory of money that in this country has come to be associated with the name of Professor Hayek. | Civis | ELECTRICITY AND NATIONALIZATION—A PLEA FOR COMMON SENSE (Benn 1s). A unconsciously amusing counterblast to G. H.'s SOCIALIZATION OF THE ELECTRICAL SUPPLY INDUSTRY from the point of view of the electrical supply companies. |
| Ellis, Howard S. | GERMAN MONETARY THEORY (1905-1933) (Milford 21s). A very interesting and acute, if rather solid, history of modern monetary theory. Non-German as well as German economists are included | Percy, Lord Eustace | CONSERVATISM AND THE FUTURE (Heinemann pp. 319 7s 6d) It is the effort of "young" Conservatives to seek to justify their creed on the grounds of its Socialistic nature. Shortly, conservatism is socialist progress without the class war. It is an interesting book, but it may be doubted whether the authors are really representative of their colleagues. |
| Conner, L. R. | STATISTICS IN THEORY AND PRACTICE (Pitman pp. 369 12s 6d). Not only does this book cover all the more elementary phases of the technical work; it also develops them in applied and sociological problems. It is probably the best of the comprehensive works on the subject. | Soule, George | THE COMING AMERICAN REVOLUTION (Routledge 10s 6d). A Marxist prediction of the future of the New Deal. |
| Currie, Laughlin | THE SUPPLY AND CONTROL OF MONEY IN THE UNITED STATES (Milford pp. 199 10s 6d). An objective account of the American monetary system. | Sharp, T. | A DERELICT AREA: A Study of South West Durham Coalfield with an Introduction by Hugh Dalton (Hogarth Press, Day to Day pamphlets No. 25, pp. 49 1s 6d). A brilliant study by a town-planning expert. |
| Levy, Dr Hermann | INDUSTRIAL GERMANY (Cambridge University Press pp. 245 12s. 6d). This is a study of German monopoly organizations and their control by the State. It compares the German and English views on the subject and the practice in various industries. The book is good and of serious importance to Socialist thought in England. | Hallsworth, J. | PROTECTIVE LEGISLATION FOR SHOP AND OFFICE EMPLOYEES (Harrap pp. 224 5s). This is incontestably the best book on the subject. It includes the gist of the 1934 Act and makes suggestions for further legislation. |

DIARY

PRINCIPAL EVENTS

March 1935—May 1935

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| <p>March 1 Saar returned to Germany.</p> <p>1-12 Greece—Revolt headed by Venizelos, suppressed by government.</p> <p>2 Siam—Abdication of King.</p> <p>4 Great Britain—Government Arms Policy published as White Paper.</p> <p>Abyssinia-Italy—Agreement reached concerning neutral zone.</p> <p>5 British ministers' proposed visit to Germany postponed due to Hitler's "cold".</p> <p>16 Germany—Conscription announced.</p> <p>19 Abyssinia makes formal appeal to League concerning dispute with Italy.</p> <p>Belgium—Currency crisis. Theunis government resigns.</p> <p>21 French note protesting against German rearmament received by League.</p> <p>23-April 2 Eden's diplomatic tour to Paris, Berlin, Moscow, Warsaw and Prague.</p> <p>25 Belgium—Van Zeeland forms a Ministry of National Union, including five Socialists.</p> <p>26 Lithuania—Memel trial. Four Nazis sentenced to death.</p> <p>28 Abyssinia breaks off direct negotiations with Italy.</p> <p>29 Belgium—Currency devalued 28%.</p> <p>Spain—Cabinet resigns over question of clemency to Socialists.</p> | <p>April 3 Spain—Lerroux forms new Cabinet.</p> <p>7 Danzig elections—Nazis' success limited.</p> <p>11-14 Stresa Conference.</p> <p>17 French resolution concerning German rearmament adopted by League.</p> <p>19 Joint note from Great Britain, France and Italy sent to Lithuania, concerning Memel.</p> <p>20 Bulgarian Crisis—Insheff asked to form new Cabinet.</p> <p>24 U.S. Government raises price of silver.</p> <p>28 Germany give notice of the building of submarines.</p> <p>29 British-Italian Trade Agreement. Text published.</p>
<p>May 2 Franco-Soviet Mutual Assistance Pact signed.</p> <p>5 Yugoslavia—General election.</p> <p>6 Spain—New Coalition Government formed under Lerroux, with strong Right representation.</p> <p>8 Conference of Baltic States at Kaunas.</p> <p>10-13 Laval's diplomatic visit to Warsaw and Moscow.</p> <p>12 Poland—Pilsudski dies.</p> <p>13 Abyssinia makes new appeal to League.</p> <p>16 Czechoslovak-Soviet Pact of Mutual Assistance signed.</p> <p>21 Czechoslovak elections. Nazi gains. Hitler's speech on Pacts and Armaments.</p> <p>24 League Agreement brought about between Abyssinia and Italy to submit dispute to arbitration.</p> <p>27 France—Financial crisis.</p> <p>U.S.A.—Supreme Court declares N.R.A. codes unconstitutional.</p> |
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